

DRIVING  
**BUSINESS TRANSFORMATION**  
WITH **HYBRID CLOUD** IN THE  
**FINANCIAL SERVICES** INDUSTRY



## CLOUD IS RESHAPING THE FINANCIAL SERVICES INDUSTRY

If there is a single word that sums up the last few years in the technology industry, particularly the financial services market – it’s velocity and the need to do things at pace. Even before the onset of a global pandemic, a significant number of surveyed financial services organizations (83%) reported deploying cloud technology as part of their primary computing infrastructure enabling their business transformation plans. Of those using cloud technology, the most popular architecture of choice is hybrid cloud (38%), followed by single cloud (28%) and multi-cloud i.e. using more than one Public cloud provider (17%). Notably, of respondents without a multi-cloud deployment, 88% reported they are considering adopting a multi-cloud strategy in the next 12 months<sup>1</sup>. The pandemic has only accelerated this trend as financial service organizations turned to cloud deployments to quickly deliver the capacity, applications, and solutions needed to respond to a new way of working – from deploying home working solutions to enabling new digital services to allow them to build services faster and enter new markets quickly under an increasingly complex macro-economic environment.

Established financial services firms can no longer take on the new entrants in the market with their existing legacy systems. They need to focus more on innovation, become agile and fast-paced, and enhance their customer experience. While the migration to the cloud does help in achieving agility and flexibility, it comes with regulatory compliance complexities, security, and the need to have both operations and service structures also in step with these deployments. Harnessing cloud technology today is no longer about processing power but effectively leveraging new technologies and, ultimately data to transform businesses. That’s why Financial Services firms should consider a less well-known law to guide the next steps of their digital transformation journeys – Conway’s Law.

Conway’s law states that organizations tend to design systems that reflect their internal operating

structures. These internal operating structures were created at a time before cloud services. Businesses today are presented with technologies that are evolving extremely quickly. Thus organizations must also rapidly grow to take advantage of them entirely. They must adapt and break barriers to innovate to take full advantage; otherwise, the developed solutions and software will ultimately reflect their communications boundaries.

## THE HYBRID CLOUD JOURNEY – UNLOCKING BUSINESS TRANSFORMATION

An excellent hybrid Cloud strategy can help them balance the requirements of an initial shift to the cloud while taking advantage of the rich set of services now available across Hyperscale public and private clouds. The hybrid cloud approach involves a mix of on-prem, private, and public cloud infrastructure that is ideally tuned to meet future business requirements. The organization decides the exact combination based on its business, security, and data requirements. It provides the security and control benefits of traditional infrastructure and the enhanced flexibility and scalability benefits of the cloud.

The hybrid approach allows organizations to reduce their Infrastructure Carbon footprint and rationalize Data center space. While some data centers are moved to the cloud, the remaining are consolidated, retired, or replaced as needed. In addition, the phased migration also provides the time to upskill the employees, reducing the risk of talent shortage.

A hybrid cloud approach also presents organizations with a wealth of choices regarding not only Public and Private cloud choices but also implementation strategies and starts to unlock the potential for several downstream transformations.

These can encompass enhancing legacy applications & systems to modernize and enter new markets, rapidly providing high availability and disaster recovery services to meet growing business and regulatory needs. The amount of data locked in legacy systems can also present an opportunity

<sup>1</sup>Google Cloud Report



to port and be migrated, acting as the pathway to application modernization. This, together with the vast capabilities of Hyperscaler and ecosystem Platform Services to enhance developer productivity from tooling, automation, infrastructure as code (IAC), API management, and Kubernetes based solutions, allow products to be created and released faster.

This vast choice, however, must also be tempered with a holistic approach to Hybrid Cloud. Working with technology partners who can bring the demonstrable skills from initial operating model design, intrinsic cloud security, and deploying infrastructure services as products and enhancing these on an iterative basis. Managing business outcomes versus activities is also critical and building an effective platform engineering-focused talent model to fully capitalize on the richness of the supplier ecosystem in a constant learning loop is vital. The benefits of these shifts can accrue to infrastructure and operations (I&O) savings even if some assets remain entirely on-premises.

## BUSINESS TRANSFORMATION AS CYCLE

While many of the considerations for Hybrid Cloud are broad, it is critical to bring them together into a single operating model where they can function as a powerful combination of capabilities that can radically improve business outcomes for Financial Services firms.

This transformation needs to be looked upon as a cycle of repeated events, each improving on the previous iteration to allow:

### Rapid time-to-market:

A well-implemented hybrid operating model enables self-service and high levels of automation, resulting in the ability to provision the servers or platforms across multiple deployment targets needed for rapid business application releases.

### Increased visibility:

In a hybrid IT operating model, advanced visibility can show how many legacy IT and public and private cloud services the organization uses, allowing for cost savings and quickly eliminating waste.

### More efficient and agile DevOps:

The ability to quickly spin up development environments in the cloud lets developers provide information and services when the company needs them most cost-effectively. For example, during development, they may want to run servers in the public cloud for maximum flexibility, but once employing the application, they may want to run the database part on a private cloud for security reasons.

### Enhanced governance:

When all IT activities are managed via a hybrid IT operating model, organizations can handle security, regulatory compliance, and the IT budget. An efficient hybrid IT operating model also makes it unnecessary for the organization to provision shadow IT services.

## THE ROAD AHEAD- CREATING A FUTURE WITH HYBRID CLOUD MODEL

As financial organizations balance the need to provide better customer experience and increased insights while maintaining robust yet flexible services, a Hybrid cloud model becomes a powerful means to achieve this. Being able to not only survive but thrive in times of rapid disruption while being able to evolve at pace is essential.

Capgemini's expertise releases the power of Financial Services organizations by unraveling the complexity of existing legacy systems and architectures. We believe in the power of co-creation as each organization's requirements will be unique to them, creating a future Hybrid cloud model designed and delivered at scale with a wide range of Public, private, and eco-system partners to continually evolve the needs of that business.

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